

**PROCESSING HEALTH INSURANCE  
REIMBURSEMENTS TO FORMER  
EMPLOYEES  
(PR-REG-13)**

**DEC 2000**

***VERSION (2.0)***

## TABLE OF CONTENTS

<b>OVERVIEW.....</b>	<b>1</b>
Reimbursement Checklist.....	1
<b>VERIFYING THE EMPLOYEE’S PAY ORG CODE.....</b>	<b>3</b>
<b>VERIFYING THE DEDUCTION WITHHOLDING ACCOUNT .....</b>	<b>4</b>
<b>PROCESSING THE PAYROLL .....</b>	<b>5</b>
Adding the Employee to the Payroll.....	6
Correcting Journal Update Errors.....	9
Removing the Reimbursement Records from the Vendor Proof .....	10
<b>ADDING A MANUAL PAYROLL CHECK RECORD .....</b>	<b>12</b>
<b>CREATING A GENERAL JOURNAL ENTRY .....</b>	<b>14</b>
<b>ADJUSTING THE HEALTH INSURANCE REMITTANCE FILE .....</b>	<b>16</b>

# PROCESSING HEALTH INSURANCE REIMBURSEMENTS TO FORMER EMPLOYEES

## OVERVIEW

Employees that no longer work for the district but who are owed health insurance refunds cannot be reimbursed through a negative payroll deduction. If the deduction was pre-tax, that money must be reimbursed through the payroll process using a reimbursement Pay Type. If the deduction was post-tax, the money can be reimbursed through the Accounts Payable module.

This document provides instructions for processing a health insurance reimbursement to a former employee through the payroll process.

## Reimbursement Checklist

- ☐ 1. Create a Pay Type for insurance reimbursement. See the document *Setting Up Pay Type Codes* in the *Setup & Administration* section.

Since the employee will not be receiving any other pay except the reimbursement, exclusions do not need to be set up. Ensure that no additional deductions are taken inadvertently. If you do establish exclusions, exclude the reimbursement from all deductions except FICA, Medicare, Federal, and State taxes.

- ☐ 2. Verify the employee's Pay Org Code. See the appropriate section of this document.
- ☐ 3. Verify the deduction withholding account. See the appropriate section of this document.
- ☐ 4. Process the payroll. See the appropriate section of this document.
- ☐ 5. Process the carrier's payment:
- a) Determine the amount to be paid to the carrier.
  - b) Create the manual payroll check.
  - c) Add a Payroll Manual Check Record. See the appropriate section of this document.
  - d) Create a General Journal Entry to debit the liability account and credit cash. See the appropriate section of this document.

- ☐ 6. Update the health insurance remittance file to reflect the reimbursement made to the employee:
  - a) Verify that the employee is still on the Health Insurance Enrollment Maintenance screen. If the employee has been removed, add him so the reimbursement can be reported. See ***Maintaining Employee Health Insurance Records*** in the ***Regular Processing*** section.
  - b) Generate the remittance file from payroll history information. See ***Processing the Monthly Health Insurance Remittance File*** in the ***Periodic Processing*** section.
  - c) Manually adjust the remittance file to reflect the reimbursement. See the appropriate section of this document.
  - d) Produce the remittance file output and verify accuracy. See ***Processing the Monthly Health Insurance Remittance File*** in the ***Periodic Processing*** section.
  - e) Transfer the remittance file to KDE. See ***Transferring Files from the RS6000 to KDE*** in the ***MUNIS System Administration User Guide***.
  - f) Complete the Premium Reduction Remittance Form and send to the carrier with the payment.
- ☐ 7. Update the appropriate accumulator records to reflect the health insurance reimbursement. See ***Reviewing Employee Accumulators (PR-PER-2)*** document for more information on how to update accumulators.

## VERIFYING THE EMPLOYEE'S PAY ORG CODE

Since the employee is being paid from a reimbursement Pay Type, a standard pay Org Code cannot be automatically assigned. This Org Code is normally paired with the matching Object Code for matching benefits.

**To Verify the Employee's Pay Org Code, Select:**

B) PAYROLL & PERSONNEL

B) Employee Maintenance & Reports

C) Employee Recurring Pay

The following screen is displayed:

Session	Edit	Commands	Settings	Help
EMPLOYEE RECURRING EARNING FILE				
Action: <b>Find</b> Next Prev Browse Add Update Del Output Exit ...				
Query the current database table.				
Emp # [	Last [	First [		
SSN [				
			Pay Rates	Factored
Rates				
Job Class [		Reg Hours [		Factor
Pay Type [		Hourly Rate [		
Base Pay [		Daily Rate [		
Location [		Period Pay [		
Group/BU [		Annual Pay [		
Risk Code [		Ref Salary [		
Position [		Rem Salary [		
Grade/Step [	]/[			
Allocation Code [				
G/L Org/Obj/Proj [		Proj [		
Start Date [		Stop Date [		Encumber? [ ]
Pay Frequency [ ]		Annual Pays [		Pays Remaining [ ]
Cycles Pay Is Active 1 [ ]	2 [ ]	3 [ ]	4 [ ]	5 [ ]
Include in Balloon Pay [ ]		Personnel Status [ ]		

1. Select **Find** from the Ring Menu.
2. Enter the **Emp #** for the employee to be reimbursed and press **ESC**.

**NOTE:** *If the employee's pay records have been deleted, this information can be obtained from past payroll proofs.*

3. Verify the **G/L Org** field (this is the pay Org Code).

## VERIFYING THE DEDUCTION WITHHOLDING ACCOUNT

When a payroll is processed, the money allocated for carrier payments is stored in a withholding account. If an employee is due a refund as a result of an overpayment in health insurance, the money should come from the withholding account. This will reduce the current payment to the carrier by the amount refunded to the employee.

**To Verify the Deduction Withholding Account, Select:**

B) PAYROLL & PERSONNEL

A) Auxiliary Programs

H) Deduction/Benefit Master

The following screen is displayed:

Session	Edit	Commands	Settings	Help
— DEDUCTION/BENEFIT FILE MAINTENANCE —				
Action: <b>Find</b> Next Prev Browse Add Update Del Output Exit ...				
Query the current database table.				
Deduction Code	[ ]	Short Desc	[ ]	Abbrev [ ]
		Long Desc	[ ]	
Priority	[ ]			
Insufficiency Code	[ ]			
State Code	[ ]		Local Code [ ]	
Calc Code	[ ]			
Tax Table Type	[ ]			Annual Tax Table [ ]
Employee/Employer	[ ]			Credit Emp Acct via "ACH" [ ]
Expense Org/Obj	[ ] [ ]			
W/H Org/Obj	[ ] [ ]			
Employee Amt/Pct	[ ]		Employer Amt/Pct [ ]	
Employee Limit	[ ]		Employer Limit [ ]	
Type of Limit	[ ]		Ck/Invoice Entity [ ]	
Check Type	[ ]		Vendor Number [ ]	
W2 Code	[ ]			
Start Date	[ ]		End Date [ ]	

1. Select **Find** from the Ring Menu.
2. Enter the **Deduction Code** for the health insurance deduction being reimbursed and press **ESC**.
3. Verify the **W/H Org** field (this is the withholding account).

**NOTE:** *If the W/H Org field is not populated, the money will be in the balance sheet account for the fund from which the employee was paid. If the employee was paid from a Fund 1 account, the Org Code would be 10; if*

*the employee was paid from a Fund 2 account, the Org Code would be 20.*

## PROCESSING THE PAYROLL

- ☐ 1. Establish the payroll identifier.

**NOTE:** *If the reimbursement is processed through a special payroll, then the adjustments to the carrier records, check, and the remittance file will need to be made in a successive payroll.*

- ☐ 2. Generate default earnings and deduction records.
- ☐ 3. Enter Earnings/Deductions exceptions. If the former employee is not automatically generated into the payroll, add the employee. Do not generate default pay or deductions for the employee. See detailed instructions below.
- ☐ 4. Print the Earnings/Deductions Proof.
- ☐ 5. Update the employee history files.
- ☐ 6. Print employee payroll checks.
- ☐ 7. Print the Check Register.
- ☐ 8. Update the journal entries associated with the current payroll. Error(s) will appear if any employer matching applies to the employee being reimbursed. This occurs when the balance sheet Org Code attempts to pair with the expenditure Object Code. See the directions below to correct this error.

If any other errors occur, continue processing as normal, making any necessary adjustments to the Chart of Accounts or using the fix/update option to change to the correct account.

- ☐ 9. Review the GL after updating the journal entries. (Optional)
- ☐ 10. Print a list of deductions by type.
- ☐ 11. Process payroll vendor checks.
- Whether payroll vendor processing is done as part of the regular payroll or as a separate step, the vendor records associated with the reimbursement should be removed from the vendor proof. That carrier will then be paid with a manual check, with the amount decreased to reflect the employee's reimbursement. See detailed instructions below.

## Adding the Employee to the Payroll

If the former employee is not automatically generated into the payroll, add the employee. Do not generate default pay or deductions for the employee.

### To Add the Employee to the Payroll, Select:

#### B) PAYROLL & PERSONNEL

#### C) Payroll Processing Functions

#### F) Earnings/Deductions F/M

1. A window displays confirming that the correct payroll is being accessed. If it is, select **Yes** to continue with the process.

The following screen is displayed:

Session	Edit	Commands	Settings	Help
PAYROLL EARNINGS/DEDUCTIONS FILE MAINTENANCE				
Action: <b>Find</b> Next Prev Browse Add Update Del Output Exit ...				
Query the current database table.				
Emp #	[ ]	Last	[ ]	First [ ]
Check #	[ ]	SSN	[ ]	
Total Gross	[ ]	Deductions	[ ]	Net Pay [ ]
Payroll Check #	[ ]			
Primary Emp Loc	[ ]			
Primary Emp Org	[ ]			
Primary Emp Obj	[ ]			
Mail Code	[ ]			Error Level [ ]
Mail Sort	[ ]			Changed [ ]
Name/Address	[ ]			
	[ ]			
	[ ]			
	[ ]			
Begin Date	[ ]	End Date	[ ]	Weeks [ ]
Check Message Lines				
	[ ]			
	[ ]			

2. Select **Add** from the Ring Menu.
3. Enter the **Emp #**.
4. Enter **0** (zero) into the **Check #** field.
5. The following screen will appear:



Generate default pay lines for this employee?	
Generate default pay?	[Y]
Generate default deductions?	[Y]
Deduction cycle	[ ]
Advance payroll check?	[N]
Stop future payrolls until	[ ]

6. Complete the prompts as follows:

Prompt	Description
<b>Generate default pay?</b>	Enter <b>N</b> for No.
<b>Generate default deductions?</b>	Enter <b>N</b> for No.
<b>Deduction cycle</b>	Enter the appropriate deduction cycle.
<b>Advance payroll check?</b>	Enter <b>N</b> for No.

7. Press **ESC** to update the screen.

8. *To add a pay record,*

- Select **C=Pay** from the Ring Menu.
- Select **Add** from the Ring Menu.
- Enter the Pay Type established for reimbursement of health insurance in the **Pay Code** field.
- Enter the balance sheet account used on the Health Insurance Deduction (see the “*Verifying The Deduction Withholding Account*” section above) in the **Org/Obj** fields.

*If the employee was paid from a Fund 1 account, the Org Code would be 10; if the employee was paid from a Fund 2 account, the Org Code would be 20. The object code is 7461.*

- Enter the amount of the reimbursement in the **Pay Amount** field.
- Press **ESC** to save the new record.
- Select **Exit** to return to the main Payroll Earnings/Deduction Maintenance screen.

9. *To delete a pay record generated in error,*

- Select **C=Pay** from the Ring Menu.
- Select **Update** from the Ring Menu.
- Move the cursor to the line to be deleted.
- Press **<CTRL><G>** to delete the line.

- e) Press **ESC**.
- f) Select **Exit** to return to the main Payroll Earnings/Deduction Maintenance screen.

10. To add a withholding record,

- a) Select **Withholding** from the Ring Menu.
- b) Select **Add** from the Ring Menu.
- c) Complete the screen.
- d) Press **ESC** to add the record.
- e) Select **Exit** to return to the main Payroll Earnings/Deduction Maintenance screen.

**NOTE:** *Most likely FICA, Medicare, Federal taxes, and State taxes should be withheld, as appropriate. Repeat this process for each deduction applicable to the employee. If the amount being reimbursed is small, it is possible that no Federal or State taxes will be calculated.*

11. To delete a withholding record generated in error,

- a) Select **Withholding** from the Ring Menu.
- b) Select **Update** from the Ring Menu.
- c) Move the cursor to the line to be deleted.
- d) Press <CTRL><G> to delete the line.
- e) Press **ESC**.
- f) Select **Exit** to return to the main Payroll Earnings/Deduction Maintenance screen.

12. After all exceptions have been entered, select **Output** from the Ring Menu. The message “No error conditions exist within this payroll” should display at the bottom of the screen.

If errors occurred, print the error log, correct the problems, and repeat the **Output** process.

## Correcting Journal Update Errors

Follow the directions below to correct error(s) that appear if any employer matching applies to the employee being reimbursed.

### To Correct Journal Update Errors, Select:

#### B) PAYROLL & PERSONNEL

##### C) Payroll Processing Functions

##### O) G/L Distribution Journal/Update

1. A window displays confirming that the correct payroll is being accessed. If it is, select **Yes** to continue with the process.

The following screen is displayed:

Session	Edit	Commands	Settings	Help
PAYROLL DISTRIBUTION JOURNAL				
Action: <b>Define</b> Output Exit Fix				
Define G/L journal update parameters				
Posting Date			[07/24/2000]	
Reference	[      ]	Year	[2001]	Period [ 1 ]      Percent [100.00]
Reference	[      ]	Year	[      ]	Period [   ]      Percent [      ]

2. Select **Fix** from the Ring Menu.
3. Select **Find** and press **ESC**.
4. Select **Update** from the Ring Menu.
5. Enter the appropriate account for the employer match. This will probably be the pay Org Code from which the former employee was originally paid from the "Verifying The Employee's Pay Org Code" section), paired with the Object Code for the employer match.
6. Press **ESC** to save the changes.

## Removing the Reimbursement Records from the Vendor Proof

Payroll vendor processing may be completed as part of the regular payroll or as a separate step. Either way, the vendor records associated with the reimbursement should be removed from the vendor proof. That carrier will then be paid with a manual check, with the amount decreased to reflect the employee's reimbursement. How the vendor payroll is processed determines what program will be used to remove the reimbursement records from the Vendor Proof. If the vendor payroll is processed as part of the regular payroll, follow this path:

- B) PAYROLL & PERSONNEL
  - C) Payroll Processing Functions
    - H) Vendor Selection/Proof

If the vendor payroll is processed as a separate process, follow this path:

- B) PAYROLL & PERSONNEL
  - G) Vendor Check Processing
    - B) Vendor Selection/Proof

### To Remove the Reimbursement Records from the Vendor Proof,

1. A window displays confirming that the correct payroll is being accessed. If it is, select **Yes** to continue with the process.

The following screen is displayed:

Session	Edit	Commands	Settings	Help
PAYROLL VENDOR PROCESSING				
Action: <b>Find</b> Next Prev Browse Output Exit Remove Global Detail				
Query the current database table.				
Vendor Number	[ 2 ]	BLUEGRASS FAMILY HEALTH		
Check/Invoice	[ B ]	PAYROLL CHECK		
Employee Amount	[ 500.00 ]			
Employer Amount	[ 0.00 ]			

2. The system will automatically assemble vendor check amounts for the current vendor payroll.

3. Select **Output** from the Ring Menu to print a Vendor Selection Proof that includes all the records. and **Print** or **Spool** the report.
4. Select **Browse** from the Ring Menu.
5. Enter the **line number** of the vendor associated with the health insurance being reimbursed.
6. Select **Detail** from the Ring Menu to view the vendor records.
7. Select **Browse** from the Ring Menu to view all of this vendor's deductions.
8. Enter the **line number** of the deduction associated with the health insurance being reimbursed.
9. Select **Output** from the Ring Menu to print a detailed proof prior to the removal of this deduction from this vendor payroll.
10. Select **Remove** from the Ring Menu to remove the displayed deduction.

The following window is displayed:

```
Action:   A  B  Exit
Exit menu.

A)  Remove This Vendor Deduction Set From Current Processing only
    (deferred for a subsequent future vendor check process)

B)  Remove This Vendor Deduction Set From Vendor Processing
    (current payroll run + prior payroll runs - these records will
    then no longer be available for vendor processing)
```

11. Select **B** from the Ring Menu to totally remove these records from vendor processing.
12. At the prompt to purge this deduction from current and subsequent payrolls, select **Y**.

## ADDING A MANUAL PAYROLL CHECK RECORD

To Add a Manual Payroll Check Record, Select:

B) PAYROLL & PERSONNEL

D) End of Period Functions

A) End of Period Processing

A) Manual Check Reconciliation

The following screen is displayed:

Session	Edit	Commands	Settings	Help
PAYROLL CHECK HISTORY FILE MAINTENANCE				
Action: Find Next Prev Browse Add Update Del Output Exit ...				
Query the current database table.				
Checking Account Org/Obj	[		]	[
Check Issue Date	[		]	
Payroll Run/Warrant	[	]	[	]
Payroll Check Number	[		]	Check Sequence No [ ]
Current Earnings	[		]	
Current Deductions	[		]	
Check Amount	[		]	
Period Start Date	[		]	
Period Ending Date	[		]	
Employee Number	[		]	
Vendor Number	[		]	
Record Creation Method	[	]		
Check Status	[	]		
Clear Date	[		]	

1. Select **Add** from the Ring Menu.
2. Enter the following fields:

Field	Description
Checking Account Org/Obj	Enter the cash account (10-6101 or 10-6102).
Check Issue Date	Enter the date the check was issued.
Payroll Check Number	Enter the payroll check number.
Check Sequence No	Accept the default of <b>0</b> (zero).
Current Earnings	Accept the default of <b>0</b> (zero).

Field	Description
<b>Current Deductions</b>	Enter the amount of the check.
<b>Check Amount</b>	Enter the amount of the check.

3. At this point the following prompt will appear:

```

Check amount entered is not equal to Earnings less Deductions.

Continue (Y/N):

```

Since the check amount only needs to equal earnings and deductions for employee checks, enter **Y** to continue.

4. Continue entering the following fields:

Field	Description
<b>Period Start Date</b>	Enter the beginning date of the payroll period.
<b>Period Ending Date</b>	Enter the end date of the payroll period.
<b>Employee Number</b>	Accept the default of <b>0</b> (zero).
<b>Vendor Number</b>	Enter the carrier's vendor number.
<b>Record Creation Method</b>	System-maintained. Will be automatically set to M for Manual Check.

5. Press **ESC** to complete the manual check addition.

## CREATING A GENERAL JOURNAL ENTRY

The liability account must be debited and the cash account credited through a General Journal Entry.

**To Create a General Journal Entry, Select:**

A) FINANCIALS

A) General Ledger Menu

C) Journal Entry/History Menu

A) General Journal Entry/Proof

The following screen is displayed:

Session	Edit	Commands	Settings	Help				
GENERAL JOURNAL ENTRY & PROOF/UPDATE								
Action:	<b>Define</b>	Browse	Add	Update	Remove-Jnl	Output	Exit	...
Select a specific journal.								
CLERK:								
	Effective date	[04/02/1999]						
	Fiscal year	[1999]						
	Period	[10] APR						
	Journal	[ 1 ]						
	Source Journal	[GEN]						
	Journal reference	[TA ]						
	Short description	[HLTH REIMB]						
	Journal type	[N]						
	Budget year code	[1]						
	Entity code	[1]						
	Auto Reverse Journal	[N]						
	Due To/Due From fund	[ ]						
	Reference 2	[ ]						
	Reference 3	[ ]						

1. Select **Add** from the Ring Menu.
2. Complete the screen as shown in the example above. Use your initials in the **Journal reference** field.
3. Press **ESC** to save the header.
4. The Journal Entry screen appears. Fill in the two debit and credit entries as shown below:



Session	Edit	Commands	Settings	Help			
GENERAL JOURNAL ENTRY & PROOF/UPDATE							
1999 10	1	Ref: TA	Desc: HLTH REIMB	Eff date: 04/02/1999			
LN	ORG	OBJECT	PROJECT	DESCRIPTION			
1	[10	]	[7461	]	[	]	[JOHN DOE HLTH INS REIMBURSEMNT]
	[GENERAL FUND BALANCE SHEET						Journal ref [TA
	[1-7461						Ref date [04/02/1999]
	[ACCR SALARIES & BENEFT PAYABLE]	D/C	[D]	Amount	[		254.32]
2	[10	]	[6101	]	[	]	[JOHN DOE HLTH INS REIMBURSEMNT]
	[GENERAL FUND BALANCE SHEET						Journal ref [TA
	[1-6101						Ref date [04/02/1999]
	[CASH IN BANK			D/C	[C]	Amount	[
							254.32]
Debits	[		254.32]			Credits	[
							254.32]

**NOTE:** *If the W/H Org field on the deduction (see “Verifying The Deduction Withholding Account” section) is not populated, the money will be in the balance sheet account for the fund from which the employee was paid. If the employee was paid from a Fund 1 account, the Org Code would be 10; if the employee was paid from a Fund 2 account, the Org Code would be 20.*

*Most districts use 7461 for the accrued salaries & benefits payable account; however, your district may use a different account number.*

5. Press **ESC** when the entry is complete.
6. Select **Output** from the Ring Menu.
7. Choose **1** to output only the current journal.
8. The Output window appears. Choose to **Print** or **Spool** the Journal Entry Proof List.
9. If no errors were detected by MUNIS during the output process, the following window will appear:

**Do not post the journal until the Journal Entry Proof List has been reviewed.**

Review the Proof to ensure the correct accounts have been entered and the journal balances.

10. If no errors are detected during the Journal Entry Proof List review, enter **Y** to post the journal.

11. If errors (e.g., invalid accounts, missing vendor numbers, etc.) occurred, choose **Browse** from the Ring Menu. Find the journal with the error, make the necessary correction(s), and repeat the **Output** process.

## ADJUSTING THE HEALTH INSURANCE REMITTANCE FILE

The health insurance remittance file must be updated manually to reflect the reimbursement made to the employee.

**To Manually Adjust the Health Insurance Remittance File, Select:**

B) PAYROLL & PERSONNEL

F) Retirement & State-Specific

B) State of Kentucky

I) Kentucky Health Insurance

F) Remittance Maintenance

The following screen is displayed:

Session	Edit	Commands	Settings	Help
HEALTH INS. REMITTANCE MAINTENANCE				
Action: <b>Find</b> Next Prev Browse Add Update Delete Output ...				
Query the current database table.				
Emp # [ ]	Last [ ]	First [ ]	MI [ ]	
SSN [ ]				
Year [ ]				
Month [ ]				
Waived [ ]		Current Amount [ 0.00]		
		Arrears Amount [ 0.00]		
		Total Amount [ 0.00]		
Carrier [ ]				
Plan [ ]				
Coverage [ ]		Flex Vendor [ ]		
Level [ ]				
		Flex Amount [ 0.00]		
Comment [ ]				

1. Select **Find** from the Ring Menu.
2. Enter the **criteria** needed to retrieve the remittance record being adjusted (e.g., employee number, month and year).
3. Press **ESC** to retrieve the record.

4. Choose **Update** to modify the record.
5. Enter **C** for Reimburse Former Employee in the **Comment** field.
6. Enter a negative amount in the **Current Amount** field to reflect the credit given to the employee.
7. Press **ESC** to save the changes.